



**Steven L. Beshear**  
Governor

**PERSONNEL CABINET**

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**Nikki R. Jackson**  
Secretary

September 10, 2010

Secretary Mary Lassiter  
Governor's Executive Cabinet  
284 Capitol Annex  
Frankfort, KY 40601

RE: Supplemental Furlough Plan for the Personnel Cabinet

Dear Secretary Lassiter:

Please find enclosed, per 101 KAR 5:015E, the Personnel Cabinet's supplemental furlough plan for fiscal year 2010-2011. You previously approved the Cabinet's furlough plan for September 3, 2010 shut-down date, and the Cabinet respectfully requests that you review and approve the enclosed supplemental plan which addresses the remaining furlough dates for fiscal year 2011.

Enclosed within these documents are the following:

- The proposed manner of how furloughs will be applied to all employees, classified and unclassified
- Any specific flexibility considerations or requests with appropriate justification
- Certifications that furloughs will be applied in compliance with the requirements established by 101 KAR 5:015E
- A copy of the sample notice that each employee will receive at least seven (7) days prior to any period of furlough

If you have any questions regarding this material, the lead contact for the Personnel Cabinet's proposed furlough plan is Suzette Gash at 564-6738.

Sincerely,

Nikki R. Jackson  
Secretary

Enclosures

## **I. APPLICATION OF FURLOUGH DATES**

### **Three (3) Mandated Shut-down Days** **September 3, 2010; November 12, 2010; May 27, 2011**

The Personnel Cabinet will comply with the mandatory shut-down days except as requested below. On these dates all offices will be closed and all employees, including any contractors, will not report to work. Written notification has already been provided to employees on these dates, as previously certified to the Personnel Cabinet.

Part 1 and Part 2: The Personnel Cabinet's Supplemental Plan, while furloughing all employees, would not completely shut-down the Kentucky Public Employees Deferred Compensation Authority on the mandatory furlough days of November 12, 2010, or May 27, 2011. The exception for September 3, 2010 was previously approved and implemented. The Cabinet requests an exception to the remaining mandatory shut-down days based on the following:

- We propose that the Deferred Compensation Authority have four (4) employees working on the three mandatory furlough days out of its normal complement of twenty-seven (27) PFT and two (2) PPT employees. The four (4) employees working would be furloughed on alternative days in the same pay period. No contractors would be working on mandatory furlough days. The number of employees working is the absolute minimum for the Authority to meet fiduciary responsibilities.
- The Deferred Compensation Authority manages \$1.6 billion in employee assets pursuant to KRS 18A.230 to KRS 18A.350. The Authority offers pre-tax retirement options including a 401(k) and a 457 plan. It also offers a Roth option whereby funds withdrawn after retirement are not subject to taxation. Two thirds of the 75,000 participants in the Authority's Plans work for local government agencies, quasi-state agencies, or local boards of education. The funds under investment belong to public employee participants, not to the Commonwealth, and are highly restricted. The Authority is fully self-supporting and receives no support from the Commonwealth's General Fund.
- When markets are open, the Authority has a fiduciary responsibility to provide access to them to allow participants to buy and sell securities. A participant could want to sell a security in his/her 401(k) plan and purchase another security. If the Authority were completely closed on a mandated furlough day, the security to be sold could drop in value and the security to be purchased could increase. Not allowing a participant to manage his/her account when markets are open would result in liability for the Authority and the Authority Board.
- Intentionally preventing participants from having access to open markets could jeopardize the Authority's ability to procure liability insurance for Board members, potentially reducing the quality of the Board, and could jeopardize its federal tax deferred status.
- Closing the Authority completely would result in an audit exception. The Plan is in compliance with regulatory requirements, and the four (4) employees having a different furlough date will receive notice of their new furlough date in writing at least seven days in advance.

The furloughs will be done in compliance with regulatory requirements both across the Personnel Cabinet and within the Deferred Compensation Authority. The Cabinet will recognize mandated savings as part of its furlough plan.

\* \* \* \* \*

All employees in the Personnel Cabinet and contract workers, other than the four employees in Deferred Compensation described above, will not report to work on mandatory furlough days. The Cabinet has provided written notice to each employee and affected contractor for all mandatory furlough days as certified herein. In the event that an emergency occurs, which is unlikely, only necessary personnel will report to work as certified by the Appointing Authority.

**Three (3) Non-Designated Months**  
**First Pay Periods in October 2010, March 2011, and April 2011**

Part 1: On the three (3) non-designated months, the Personnel Cabinet Plan includes the furlough of all employees during the first pay periods of the required months.

Part 2: The following chart addresses how the Cabinet proposes to address the assignment of employee furlough days:

	# of Employees	Pay Period Dates per month	Employees request specific furlough days, assign furlough days or a combination of both?	Is overtime or comp time accrual a concern during these furlough periods for these units? If yes, explain in detail and how it will be monitored.
Office of the Secretary (Including Executive Management and Offices of Administrative Services, Diversity & Equality, Legal Services, and Strategic Innovation).	29	First pay period of each non designated month	Combination	No
KHRIS Team (Part of Division of Technology Services in DHRA)	24	First pay period of each non designated month	Assign; especially during integration testing everyone on the team needs to be present	The KHRIS team is on a very tight schedule, and missing deadlines could be costly. While everyone will not work on scheduled furlough days, overtime and comp time will occur to finish the project. Approval for overtime or comp time will be necessary from the Cabinet Secretary or a designee.
Department of Human Resources Administration (DHRA) with the exception of the KHRIS part of the Division of Technology Services	65	First pay period of each non designated month	Combination	No
Department of Employee Insurance	41	First pay period of each non designated month	Combination	No

Office of Employee Relations	23	First pay period of each non designated month	Combination	No
Governmental Services Center	12	First pay period of each non designated month	Combination	No
Kentucky Public Employees Deferred Compensation Authority	27	First pay period of each non designated month	Combination	No

Part 3: The Personnel Cabinet will provide written notice to the employees of these non-designated furlough dates at least seven (7) calendar days in advance of the furlough. The manner by which the Cabinet will notify its employees is to use the enclosed form for employees to make a first and a second choice of furlough day. The employee's manager then will either approve the employee selections or will assign a different day(s). Appointing Authority approval of the document and distribution to the employee will constitute notice. A copy of the sample notice is enclosed with these documents.

All Personnel Cabinet offices will be open in non-designated furlough periods, as individual employee furloughs will be staggered to allow the continuation of services to the public.

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## II. CONTRACT WORKERS

Applicable contract employees will be subject to the same furlough requirements as Cabinet employees. All applicable contract employees and their companies have been notified that they are to reduce hours worked during furlough periods in accordance with the regulation.

### III. REQUIRED CERTIFICATIONS

Please certify, by initial of Cabinet or Independent Agency head, that the statements are true:

We will not involuntarily furlough any employee more than twenty-four (24) work hours in a six (6) month calendar period, as provided in this subsection:


- Employees regularly assigned to a 40-hour work schedule shall be involuntarily furloughed no more than three (3) work days or twenty-four (24) work hours;
- Employees regularly assigned to a 37.5-hour work schedule shall be involuntarily furloughed no more than three (3) work days or twenty-two and one-half (22.5) work hours, which is the equivalent reduction of hours and corresponding pay; and
- All remaining employees on different work schedules shall be involuntarily furloughed in a manner to achieve an equivalent reduction of hours and corresponding pay, which shall be set forth in the furlough plan provided by the Cabinet Secretary or Independent Agency head and approved by the Secretary of Personnel.

  
(INITIALS)

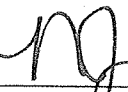
We will not involuntarily furlough any employee more than 20 percent of an employee's scheduled work hours in any one work week.

  
(INITIALS)

Employees will not be permitted to utilize accrued leave balances in lieu of a temporary reduction of hours without pay.

  
(INITIALS)

During the period of furlough, no contractor will receive either additional duties typically performed by a furloughed employee or work additional hours due to the furlough of a state employee.

  
(INITIALS)

# Non-Designated Furlough Selection Request Form and Notice

[For use by agencies able to allow employees to select their own dates.]

Employee Name	Cabinet
Please be advised that this is a <i>courtesy</i> request and DOES NOT guarantee approval of any requested dates.  If supervisor/manager is not able to accommodate 1 <sup>st</sup> or 2 <sup>nd</sup> choices for a particular furlough month, a date may be assigned.	Department
	Division
	Branch

OCTOBER 2010*		MARCH 2011*		APRIL 2011*	
Employee to Complete	Supervisor/Manager to Complete	Employee to Complete	Supervisor/Manager to Complete	Employee to Complete	Supervisor/Manager to Complete
1 <sup>st</sup> Choice / /	<input type="checkbox"/> Approved <input type="checkbox"/> Denied	1 <sup>st</sup> Choice / /	<input type="checkbox"/> Approved <input type="checkbox"/> Denied	1 <sup>st</sup> Choice / /	<input type="checkbox"/> Approved <input type="checkbox"/> Denied
2 <sup>nd</sup> Choice / /	<input type="checkbox"/> Approved <input type="checkbox"/> Denied	2 <sup>nd</sup> Choice / /	<input type="checkbox"/> Approved <input type="checkbox"/> Denied	2 <sup>nd</sup> Choice / /	<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Requested dates have been denied. Your assigned date is: / /		Requested dates have been denied. Your assigned date is: / /		Requested dates have been denied. Your assigned date is: / /	

\* Unless your agency has an approved exception (check with management) for a particular month, requested dates MUST fall within the 1<sup>st</sup> pay period of each month.

Employee Signature	Date Submitted	Supervisor/Manager Signature	Date Approved/Assigned
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Pursuant to 101 KAR 5:015E, this completed request shall constitute written notice of your furlough dates*, as approved and/or assigned above. Your hours will be temporarily reduced without pay on these dates and you are not to report to work. Pursuant to 101 KAR 5:015E, this is not an appealable action.		<b>FINAL APPROVAL AND NOTICE ISSUED BY:</b>	
*Furlough dates are subject to change based on unforeseen business needs and services to the public. In this event, you will be notified by your supervisor, in writing, at least seven (7) days in advance.		APPOINTING AUTHORITY	DATE

COPIES: Signed copy to Employee (Employee should attach copy to each affected timesheet.)  
Signed copy to Supervisor/Manager.  
Signed copy to be maintained in Agency's Employee File.



# Non-Designated Furlough Notice

[For use by agencies assigning dates for employees.]

Employee Name	Cabinet
	Department
	Division
	Branch

For the Month of:	Year:
Your Assigned Furlough Date is:	
/ /	

\* Unless your agency has an approved exception (check with management) for a particular month, requested dates MUST fall within the 1<sup>st</sup> pay period of each month.

Employee Signature	Date Submitted	Supervisor/Manager Signature	Date Approved/Assigned
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Pursuant to 101 KAR 5:015E, this shall constitute as written notice of your furlough date, as assigned above. Your hours will be temporarily reduced without pay on these dates and you are not to report to work. Pursuant to 101 KAR 5:015E, this is not an appealable action.	FINAL APPROVAL AND NOTICE ISSUED BY:	
	APPOINTING AUTHORITY	DATE